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DRAFT REPORT OF THE SECOND SESSION OF THE CONFERENCE OF AFRICAN MINISTERS OF FINANCE AND GOVERNORS OF CENTRAL BANKS ON THE ESTABLISHMENT OF THE AFRICAN MONETARY FUND

A. INTRODUCTION

1. Pursuant to the Economic Commission for Africa's Conference of Ministers resolution 541(XX) of 23 April 1985 which formally established the Conference of African Ministers of Finance to deal with all issues relating to money and finance, the second session of the Conference of African Ministers of Finance was held in Libreville, Gabon from 15 to 21 June 1986. Previously, the Conference of African Ministers of Finance had met in Addis Ababa in June 1984 to consider Africa's External Indebtedness. The purpose of the Conference was twofold: first to consider the reports of the second, third and fourth meetings of the Inter-Governmental Group of Experts on the Establishment of an African Monetary Fund, and to take a decision on the proposed Articles of Agreement and secondly, to consider the progress report on the preparations for an International Conference on Africa's External Indebtedness proposed by the African Heads of State and Government at their summit held in July 1985.

B. ATTENDANCE

2. The Conference of African Ministers of Finance was attended by representatives of the following thirty-five countries: Algeria, Benin, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Gabon, Ghana, Gambia, Guinea, Lesotho, Libyan Arab Jamahiriya, Malawi, Mauritania, Morocco, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zaire, Zambia and Zimbabwe.

3. Representatives of the following institutions attended the Conference as observers: Arab Monetary Fund (AMF), Banque centrale des Etats de l'Afrique de l'Ouest (BCEAO), Banque de developpement des Etats de l'Afrique centrale(BDEAC), Banque des Etats de l'Afrique centrale (BEAC), Banque ouest-africaine de developpement (BOAD), Communauté economique des Etats de l'Afrique centrale (CEEAC), International Monetary Fund (IMF), Union douaniere des Etats de l'Afrique centrale (UDEAC), United Nations Conference on Trade and Development (UNCTAD), West African Clearing House (WACH).

4. The meeting was serviced by the secretariats of the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU) assisted by the African Development Bank and the African Centre for Monetary Studies.

C. OPENING OF THE CONFERENCE

5. In his statement, Prof. Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa, expressed his deep gratitude to His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon, the Government and people of Gabon for their offer to host the Conference and for the warm welcome extended to participants. The Executive Secretary also thanked the Government and people of Algeria for their generous contribution to the United Nations Trust Fund for African Development which enabled the Economic Commission for Africa (ECA) to prepare the feasibility study

and other documents relating to the establishment of the African Monetary Fund and for convening the meetings of the Intergovernmental Expert Group. He emphasized that following the decision of our Heads of State and Governments, the question before the Ministers was not whether or not to establish an African Monetary Fund but rather how best to establish such a Fund.

6. After highlighting some of the main causes of the crisis through which Africa is going at the moment he pointed out that the African Monetary Fund, once established, would assist in eliminating some of the problems in monetary and financial co-operation which would strengthen Africa's capacity to deal with future crisis should they occur. In this respect, he pointed out that the experts had made firm recommendations on a number of important issues and the Conference of Ministers was expected to take decisions on them. He also requested the Conference to pay special attention to outstanding issues which the experts could not resolve, namely (a) definition of membership in the Fund (b) whether or not to open the capital of the Fund to external participation and if so to what extent (c) whether or not payment of subscriptions should be made in both convertible and national currencies and in what proportions and (d) the size of the Board of Executive Directors and whether or not they should be resident at the Headquarters of the Fund from the date of commencement of its operations.

7. In his statement Mr. Ide Oumarou, Secretary General of the Organization of African Unity, expressed his thanks to His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon as well as to the Government and people of Gabon for their generous offer to host the Conference of Ministers of Finance and for the warm welcome extended to the participants since their arrival. He enumerated some of the important African meetings that the Republic of Gabon had hosted in the past and which clearly demonstrated the commitment of the Republic of Gabon and it's President to unity and peace in Africa. He went on to state that the present meeting had a very precise agenda, namely, the consideration of the mechanisms for establishing an African Monetary Fund and preparation for an international Conference on Africa's external indebtedness requested by OAU.

8. With regard to the recent Special Session of the United Nations' General Assembly on Africa's economic crisis, he pointed out that Africa's partners made it clear during the session that money must be earned through hard work, efficient organization and mobilisation and good use of the resources of the African continent. Africa should therefore implement all the provisions of the African document that Africans, themselves have elaborated. Finally, he thanked the Secretariats of the Economic Commission for Africa (ECA), the African Development Bank (ADB), the African Centre for Monetary Studies (ACMS) and the African Central Banks for the good work they have put together with the Organization of African Unity (OAU) in preparing for this meeting.

9. In formally opening the Conference, His Excellency Mr. Leon Mebiame, Prime Minister of the Republic of Gabon, on behalf of His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon and on behalf of the Government and people of Gabon welcomed the Ministers to Libreville, the capital city of Gabon. He assured them that the Republic of Gabon felt honoured to host such a Conference on its territory and hoped that the facilities put at the disposal of the Conference would enable the participants to conclude their deliberations.

10. He went on to highlight some of the major factors contributing to the present African economic crisis and particularly the external monetary anf financial factors over which Africa has no control whatsoever. This, the Prime Minister said, was mainly due to the absence of an African mechanism for consultations and for the adoption of common positions vis a-vis international monetary and financial problems. The establishment of an African Monetary Fund would go a long way towards overcoming this handicap and strengthening Africa's negotiating capacity within the world's monetary and financial system. Africa should rely on itself first and devise the mechanisms necessary for such self-reliance.

11. The Prime Minister, then recalled some of the problems generated by the external debt crisis and the burden which such a crisis has put on the prospects for Africa's economic development. With regard to the proposed international conference on Africa's external indebtedness called for by the 21st Summit of the Heads of State and Government of the Organization of African Unity, the Prime Minister hoped that the Ministers would come up with concrete suggestions on the preparation for the conference whose success was of prime importance for the continent.

12. He then declared the session of the Conference of African Ministers of Finance open.

B. ELECTION OF THE BUREAU (Agenda item 3)

13. The Conference elected the following Bureau:

Chairman	Gabon
First Vice-Chairman	Sierra Leone
Second Vice-Chairman	Tunisia
Third Vice-Chairman	Uganda
Rapporteur	Zambia

C. ADOPTION OF THE AGENDA AND PROGRAMME OF WORK (Agenda item 4)

14. The Conference adopted the following agenda:

1. Opening of the Conference
2. Adjournment of the Conference
3. Election of the bureau

5. Consideration of the reports of the Second and Third meetings of the Intergovernmental Group of Experts on the establishment of an African Monetary Fund

6. Consideration of issues on which the experts could not reach consensus:

   (a) Membership in the Fund;

   (b) whether or not to open the capital of the Fund to external participation and if so in what proportion;

   (c) whether or not payments of subscriptions by regional member States should be made in both convertible and national currencies and if so in what proportion;

   (d) the size of the Board of Executive Directors of the Fund and whether or not they should be resident at the principal offices of the Fund from the date of commencement of its operations.

7. Consideration of whether or not there should be an agreement establishing the Fund to which the Statutes should be annexed

8. Progress report on the preparations for an international Conference on Africa's external indebtedness.

9. Any other business

10. Adoption of the Report and closure of the meeting.

ACCOUNT OF PROCEEDINGS

F. CONSIDERATION OF THE REPORTS OF THE SECOND AND THIRD MEETINGS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE ESTABLISHMENT OF AN AFRICAN MONETARY FUND (Agenda item 5)

15. The Conference considered reports from the respective Chairman of the second, third and fourth meetings of the Intergovernmental Group of Experts on the establishment of an African Monetary Fund. These reports outlined the progress made at the technical level in the establishment of the African Monetary Fund and highlighted the issues left unresolved by the meetings of experts namely: (a) membership of the Fund, (b) whether or not to allow external participation to the capital of the Fund and the share of such participation (c) whether or not part of the subscriptions to the capital of the Fund by regional member States should be paid in local currency and if so what should be the percentage; and (d) the size of the Board of Executive Directors of the Fund.

6. CONSIDERATION OF ISSUES ON WHICH THE MEETING COULD NOT REACH CONSENSUS AND CONSIDERATION OF MATTERS DO NOT THESE SHOULD BE AN AGREEMENT ESTABLISHING THE FUND TO WHICH THE STATUTES SHOULD BE ANNEXED(Agenda items 6 and 7)

16. The Conference debated at length on the proposal on the establishment of an African Monetary Fund. Two main viewpoints emerged from the debate. Some Ministers thought that the purpose of that meeting was to examine the opportunity of the establishment of an African Monetary Fund and stated that in their view the idea to establish the Fund was premature and that it needed more thinking. These Ministers also stated that the Fund as proposed in the feasibility study dealt with too many issues of a complex and technical nature which could jeopardize its functioning. They felt that at this stage of African development, emphasis should be placed on issues of economic integration other than the African Monetary Fund. According to them, the issues left unresolved by the experts required more technical analysis by the experts. Therefore, the establishment of an African Monetary Fund should not be rushed but should be the result of careful and extensive consultations.

17. Another group of Ministers felt that it was their understanding that the objective of the meeting was to consider and adopt the Articles of Agreement establishing the African Monetary Fund. It was clear to them that the recommendation contained in the Lagos Plan of Action was unequivocal with regard to the establishment of an African Monetary Fund as directed by the Heads of State and Government of the Organization of African Unity. The objective of the meeting was not to discuss whether or not to establish a Fund but rather to resolve the outstanding issues to enable member States to proceed with the actual establishment of an African Monetary Fund. They felt that all technical issues had been exhaustively discussed by the expert group meetings and that the four issues which remained unresolved were of a political nature to be resolved by the Ministers. It is in this context that the meeting should examine the reports of the experts and deal with issues left unresolved by the experts meeting.

18. Since the meeting could not reach a consensus, it was decided to adopt a resolution emphasizing member States commitment to the establishment of an African Monetary Fund. This resolution also established an Ad-hoc Committee to be called "The Committee of Libreville". It was understood that the Committee's membership would be composed of the bureau of the Conference but that all African countries would be invited to participate in the work of the Committee. Its terms of reference would be to speed up the establishment of an African Monetary Fund and to report to the next Conference of Ministers of Finance. The Committee was also charged with the responsibility of resolving all the outstanding issues and of making recommendations to the next Conference on how best the African Monetary Fund can be established. The full text of the resolution is attached to the present report as an annex.

H. PROGRESS REPORT ON THE ..EPA ATIONS FOR AN INTERNATIONAL CONFERENCE ON AFRICA'S EXTERNAL INDEBTEDNESS (Agenda item 8)

19. A representative of the joint secretariat briefed the reconvened conference on the progress made in the preparation for an International Conference on Africa's External Indebtedness. In this connection, he highlighted the outcome of the meeting of the secretariats of the Organization of African Unity, the Economic Commission for Africa, the African Development Bank and the African Centre for Monetary Studies held in Addis Ababa in December 1985. He also informed the Conference of the various meetings that the then Chairman of OAU, President Abdou Diouf of Senegal, had held with the Secretary General of the United Nations, the Managing Director of the International Monetary Fund, the President of the World Bank and other leaders of some institutions and governments as part of the preparations for the proposed international Conference on Africa's External Indebtedness.

20. The Conference, after examining the report from the joint secretariats felt that in view of the recent decisions adopted by the Special Session of the United Nations General Assembly on the Critical Economic Situation in Africa, the issue of convening an international conference on Africa's external debts should be carefully examined. It was agreed that the joint secretariat should continue to study the issues and present a full report to the next session of the conference.

I. ANY OTHER BUSINESS (Agenda item 9)

21. No issues were raised under this agenda item.

J. ADOPTION OF THE REPORT AND CLOSURE OF THE CONFERENCE (Agenda item 10)

22. The Conference requested the Secretariat to finalize the report of the meeting and present it for adoption to the next session. The Conference was closed by His Excellency Mr. Leon Mebiame, Prime Minister of the Republic of Gabon.

RESOLUTION OF THE CONFERENCE OF AFRICAN MINISTERS OF FINANCE OF THE ECONOMIC COMMISSION FOR AFRICA

The Conference of Ministers of Finance of the Economic Commission for Africa,

Recalling the decisions of the meeting of Heads of State and Government of the Organization of African Unity taken in Lagos in April 1980, relating in particular to the establishment of an African Monetary Fund,

Convinced of the need to establish such an institution in Africa,

Having taken note of the conclusions of the various meetings of experts and being aware of the complexity of the problems involved in establishing such a Fund,

Drawing inspiration from the advice given by His Excellency Al Hadj Omar Bongo, President of the Republic of Gabon, when he received all the African Ministers of Finance on 22 June 1985 at the Palais Renovation

1. Decides

(a) To continue its discussions in order to establish a viable and efficient body built on a solid foundation and thereby contribute to the economic and financial integration of the African continent

(b) To establish towards that end an ad hoc Ministerial Committee called the Committee of Libreville, composed of representatives of the five subregions of Africa. This Committee will be assisted by the secretariats of the Economic Commission for Africa, the Organization of African Unity, the African Development Bank and the African Centre for Monetary Studies;

(c) In the light of the conclusions of this Conference, the ad hoc Ministerial Committee should take all appropriate measures to ensure the speedy establishment of the African Monetary Fund and to present its report and recommendations to the next Conference of African Ministers of Finance.

Libreville (Gabon), 18-21 June 1986.